

LNF & IHCIF Calculations Illustration

- CHEYENNE RIV in Aberdeen area -

Given Data

- 8,057 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 33% = % Expenditures on purchased services, 67% = % expenditures in-house
- 91.9% = Cost index for purchasing health care in this geographic area
- 105.8% = Size cost index for in-house costs due to small or large size
- 108.7% = Aberdeen area cost index for health status above or below average

Cost Adjustment Calculations

- \$905 per person for purchased services = $33\% * 91.9\% * \$2,980$
- \$2,111 per person for in-house services = $67\% * 105.8\% * \$2,980$
- \$3,015 per person total = \$905 (purchase) + \$2,111 (in-house)
- **\$3,278 per person total** adjusted for health status = $\$3,015 * 108.7\%$
- **\$2,533 per person net cost** = $\$3,278 - \745 Other resources (M&M&PI)

Existing Expenditures (for 8,057 users excluding wrap-around and collections)

- \$1,043 per person = local IHS allowance (excludes \$ for wrap-around)
- \$203 per person = expenditures elsewhere in Aberdeen area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,300 per person for OU users** = $\$1,043 + \$203 + \$54$

LNF Calculation

- **39.7% Gross LNF** = $\$1,300$ (expenditures) / $\$3,278$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **51.3% Net LNF** = $\$1,300 / \$2,533$ net cost ($\$3,278 - \745 other)

IHCIF Allocation

- \$1,769,516 = \$ to raise LNF% from 51.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$61,721 Allocation** = $\$1,769,516$ needed for 60% * 3.488% IHCIF fraction

CHEYENNE RIV Unmet Needs

- **\$20,410,008 Net Total Need** = 8,057 users * \$2,533 net cost
- **\$9,933,520 Net Unmet Need** = $(100\% - 51.3\% \text{ LNF}) * 8,057 \text{ users} * \$2,533 \text{ net cost}$